



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

The Jobs for Michigan Fund *Building the Future for All*

Michigan, today, is at a crossroads. Our economy is changing – the manufacturing jobs that once were a guarantee of a high-paying job are leaving our state. Today, Michigan is locked in a fierce competition for jobs and economic investment with 49 other states and countries around the globe. To win that competition and ensure that Michigan remains a great place to live, work, and grow a business, we must embrace this opportunity to reshape our economy.

Governor Jennifer M. Granholm has proposed a comprehensive plan to restart and reshape Michigan's 21st century economy.

To restart our economy, Governor Granholm is fighting to keep the jobs we have and put people back to work today. Her economic plan includes the first significant restructuring of the Single Business Tax in 30 years; a Jobs Today plan that will rebuild Michigan's infrastructure and create tens of thousands of jobs over the next three years; and the MiOpportunity Partnership that will train unemployed workers for the unfilled positions in our state.

To reshape our economy, the Governor has proposed the New Merit Scholarship to ensure that every child in Michigan has the opportunity to attend college. And, she has called for **The Jobs for Michigan Fund** to spark new investment and create new jobs in our state.

The Jobs for Michigan Fund is a bold plan to diversify the state's economy and grow jobs by investing in four competitive-edge technologies: life sciences, alternative energies, advanced automotive and materials manufacturing, and homeland security and defense. These are sectors and technologies in which Michigan is a strong competitor or that provide our state with the clearest path to accelerating our economy.

Governor Granholm believes the state that produces the most technologically-advanced product most people will ever purchase – the 21st century motor vehicle – should also be the state that produces the fuel cell, the alternative energies and clean technologies that could make the nation independent of foreign oil. And, by investing in our state's future, we will stop the brain drain that goes along with young people leaving the state for good paying jobs in Chicago, New York, and Boston.

If approved by voters in November, the Jobs for Michigan Fund will provide \$2 billion over the next 10 years to create thousands of jobs for people from all walks of life – from lab technicians in white coats to manufacturing personnel in blue collars. And, it will do it **without** raising taxes. The fund will be used to diversify and grow the state's economy by focusing the state's resources in four areas:

- **Investment in diversification and business development:** Accelerating the pace of commercialization and giving start-up companies a foothold in the market place;
- **Talent attraction:** Bringing and keeping the best research and scientific and business minds to work on our university campuses and to assist our start-up companies with business plans and development;
- **Leveraging federal grants:** Giving Michigan research institutions and technology companies the matching funds they need to bring more federal research dollars and technology innovation funds to Michigan;
- **Research:** Increasing the amount of research, development, and innovation taking place in our universities, companies, and nonprofit research institutions.

High stakes and global competition make this a time for action. Other states are already passing initiatives that use bonds to retool their economies and attract new businesses and jobs. It is time to build upon our strengths and invest in our future by establishing the Jobs for Michigan Fund now.

CREATING THE JOBS FOR MICHIGAN FUND

Governor Jennifer M. Granholm is asking the Legislature to put a constitutional amendment before the voters in November 2005 to create the Jobs for Michigan Fund.

With voter approval, the state will use \$2 billion in bond proceeds over the next decade, the proceeds of which will be invested in new jobs in high-tech, high-growth sectors of the economy.

The Jobs for Michigan Fund will target four competitive edge technologies:

- Life Sciences
- Alternative Energies
- Advanced Automotive, Manufacturing and Materials
- Homeland Security and Defense

The Jobs for Michigan Fund will focus on four key strategies:

1. Growing competitive edge technology jobs through investment.

Michigan can expand upon the success of Technology Tri-Corridor and Life Sciences Corridor by increasing investments that will help competitive edge businesses get technology-based products ready for the market. In addition, the state will provide "pre-seed funding" – the capital that entrepreneurs and technology start-ups need to start and grow their operations.

2. Attracting and retaining scientific and business companies needed to succeed.

A portion of the bond proceeds will be used to attract top scientists and researchers to our universities who in turn will bring more research dollars into Michigan.

In addition, by funding mechanisms such as Entrepreneurs in Residence, adjunct professorships, and technology consultants, we can bring additional executive-level talent and guidance that young start-up technology companies need to grow.

3. Attracting more federal dollars for research and development.

The Jobs for Michigan Fund will provide a 10 percent match to public and private universities, nonprofit research institutions and competitive edge technology companies which are able to attract competitively-awarded federal research dollars within the targeted technologies. Only new and competitively-awarded federal research projects will be eligible for funding and priority will be given to projects or centers that have as a clear part of their mission the commercialization of research undertaken as part of the grant.

4. Investing in research.

A portion of bond proceeds will be invested in basic and applied research being done at universities, nonprofits and private companies in Michigan. This funding will produce the research breakthroughs that create innovative commercial products and the jobs that go with them.

IMPLEMENTING THE JOBS FOR MICHIGAN FUND

In addition to voter approval of the Constitutional amendment, implementing the Jobs for Michigan Fund will require the Legislature to pass enabling legislation establishing the Jobs for Michigan Fund.

The implementing legislation:

Outlines spending of bond proceeds and identifies method of repayment

- \$2 billion in general obligation bonds to be spent over 10 years.
- Up to 20 percent of proceeds can be expended in 2006, with up to an additional 10 percent in each of the next eight years.
- No taxes will be raised to pay for this program. In fact, the legislation specifically prohibits the Jobs for Michigan Fund from levying or raising any taxes.
- Debt service on the bonds will be paid first from a combination of sources, including tobacco settlement funds otherwise set aside for Life Sciences and Technology Tri-corridor funding, returns from pre-2006 Life Sciences/Technology Tri-Corridor activities, and returns from Jobs for Michigan Fund program activities.

Focuses activities and programs on job creation in competitive edge technologies

- Provides grants and/or loans for basic and applied research in competitive edge technologies, commercialization opportunities, the attraction and retention of scientific talent in competitive edge technologies, and the attraction of federal research grants.
- No more than 10 percent of bond proceeds can be spent on basic research to ensure that money is targeted at commercialization opportunities.
- Between 20 and 35 percent of bond proceeds must be spent on life sciences, ensuring that previous commitments to life sciences spending are met in a shorter amount of time.
- No more than 15 percent of bond proceeds may be invested in Michigan competitive edge technology companies and only through private investment management companies.

Creates a process free of bureaucracy and politics

- Research and commercialization funding will be awarded only after a peer review process, involving experts in competitive edge technology which identifies those projects with the strongest scientific basis and the greatest potential for market success and job creation.

- Investment decisions will be made only through private equity and venture capital management firms. This requirement ensures that the state will share equity with private investors who are able to leverage state dollars to fuel additional investments in Michigan-based competitive edge technology businesses.
- An annual audit of bond proceed expenditures is required to be posted on the Internet and made available to the public creating transparency and accountability.

GROWING THE JOBS OF THE FUTURE IN MICHIGAN

Asterand – Detroit:

Asterand is a privately held company founded in 2000 and located in the Wayne State SmartZone. Asterand operates a world bank of genetic information – a crucial basic resource needed by researchers seeking to unlock the genetic causes of major diseases that affect mankind. Researchers from all over the world are able to order genetic samples on which they can perform experiments leading to new discoveries for major diseases, including cancer, cardiovascular disease, diabetes, rheumatoid arthritis, and neurological conditions.

I.C. Tech – Okemos:

I.C. Tech emerged from a university-based research corporation, with its roots in space technology. In cooperation with NASA, the company has done some critical work in the area of space navigation and is now moving into the field of voice and face recognition. The concept combines biometric identification with a recorded transcript. Dr. Gail Erten, CEO, has developed a dynamic user authentication process which will deny most attempts of identity theft. The company is also researching cellular image sensor processor chips which may make biologically inspired artificial vision a reality.

Kalexsyn – Kalamazoo:

Two former Pfizer/Pharmacia scientists founded Kalexsyn, Inc. in 2004 after Pfizer reduced its research and development operations in Kalamazoo. Rather than move from the area, they started a company (Kalexsyn is a contraction of *Kalamazoo Experts in Synthesis*) to provide research services for early phases of drug discovery. In order to reduce costs and speed up the drug development process, large pharmaceutical companies can no longer afford to perform R&D work themselves. The research services provided by Kalexsyn provide these companies with valuable services that help them improve their drug's chances for success with clinical trials and FDA approval.

SensiGen – Ann Arbor:

In partnership with the University of Michigan, SensiGen Corporation is commercializing a diagnostic test to detect kidney damage at its earliest stage in diabetes and hypertension in order to prevent serious kidney disease. The current kidney diagnostic test on the market only becomes positive after extensive kidney damage has taken place. In contrast, SensiGen's technology becomes positive when only a few kidney cells have been damaged, in some cases, 10 years earlier than the current test.

Sordal Incorporated – Holland:

In partnership with NASA, Sordal has developed a heat and fire resistant foam that keeps materials cool even under extremely high temperatures. NASA's Langley Research Center needed a light weight foam that could retain its structural integrity under temperatures ranging from -423 to +482 °F for its second-generation Reusable Launch Vehicles (space vehicles designed to perform multiple missions). The foam has proven to be a practical selection for hull insulation in ships, but it has numerous consumer safety applications such as fire-resistant construction materials. When used as insulation on aircraft, Sordal's foam can help reduce aircraft weight, saving fuel and reducing air pollutants.



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Jobs for Michigan Fund

FAQs

Q: What is the Jobs for Michigan Fund initiative?

A: The Jobs for Michigan Fund initiative is Governor Granholm's plan to create thousands of new Michigan jobs by supporting research and commercialization efforts in targeted high-growth, competitive-edge technologies. It delivers on former Governor Engler's prior commitment to fund \$1 billion in the life sciences. Very significantly, it puts a strong emphasis on commercialization and job creation in a more diversified set of emerging technologies.

Q: Which high-tech sectors are being targeted?

A: The technologies eligible for research and commercialization funding are:

- *Life sciences*
- *Alternative energies*
- *Advanced automotive, manufacturing, and materials*
- *Homeland security and defense*

Q: How will the initiative be funded?

A: The state treasurer will be authorized to sell \$2 billion in bonds over the next decade to create a stable, secure source of dedicated funding for this initiative.

Q: What makes this better than our current Tech Tri-Corridor program?

A: If approved by Michigan voters, the Jobs for Michigan Fund would provide a secure, stable funding stream that cannot be diverted for other purposes. It means we can deliver on earlier commitments to grow and diversify our economy and create thousands of jobs for Michigan families.

Q: Will the Jobs for Michigan Fund replace the Tech Tri-Corridor?

A: The Jobs for Michigan Fund will be the mechanism for providing state funding for the development of the four technologies mentioned above, folding in the Technology Tri-Corridor. A new steering committee, the Jobs for Michigan Research and Commercialization Steering Committee, will be created within the Jobs for Michigan Fund to provide advice and review of fund programs replacing the steering committee of the Tech Tri-Corridor

Q: Who will be on the steering committee?

A: The steering committee will consist of 19 members, including business leaders in Michigan's high-tech economy, university representatives, community leaders, and key state officials.

Q: How many jobs will the initiative create?

A: U.S. Department of Commerce projections show that every \$1 million spent on research and development activities generates 36 jobs (direct and indirect). Thus, the \$2 billion Jobs for Michigan Fund initiative is expected to create 72,000 jobs for Michigan families.

Q: Will it raise taxes?

*A: No. The Jobs for Michigan Initiative will **not** raise taxes. The constitutional amendment specifically prohibits the Jobs for Michigan Fund from levying or raising any taxes*

Q: Where will the money come from to pay for the bonds?

A: In the early years, the state will use money from the tobacco settlement to pay for the costs of the bonds. Additionally, state proceeds from the job-creating equity investments and interest on loans made through this initiative will help pay back the new debt. Debt service on the bonds would not begin until October, 2007.

Q: Can Michigan afford this?

*A: Michigan's debt level – 27th nationally and second lowest among the ten largest states in per capita debt – positions us to make this move. Under Governor Granholm's leadership, Michigan, unlike many states, has refused to issue bonds to cover state budget shortfalls. We can now grow future jobs without raising taxes and without risking our credit rating. **The real question is, "how can we afford not to do this?" given the high cost of doing nothing in a changing global economy.***

Q: Doesn't this mean government will be picking winners and losers?

A: No. The steering committee of the Jobs for Michigan Fund will designate independent and peer-reviewed third-party job creation experts to determine which proposals have the highest merit and support the initiative's objectives. The Jobs for Michigan Fund will limit any equity investments to no more than 15% of the total Bond proceeds and all equity investments will be made by the private sector through Investment Management Companies.

Michigan's Life Sciences Corridor and Technology Tri-Corridor programs have demonstrated real success by letting an expert-led process make these decisions.

Q: Why here, why now?

A: As Governor Granholm recently said, the competition from other states and nations is fierce. In her words, "It's eat or be eaten." Many states are already passing initiatives to use bonds to retool their economies and attract new kinds of businesses and jobs.

California voters have already passed a \$3 billion bond fund for stem cell research. Similar efforts are now underway by our neighbors in Illinois, Indiana, Ohio, and Wisconsin. New Jersey, Texas, and Washington are among others also pursuing similar strategies to grow their economies.

Q: Why the need for a ballot proposal? Why can't the Legislature just vote on the initiative?

A: Under our state constitution, Michigan voters must approve all amendments to the constitution and authorize all bond issues of this magnitude and kind. Legislative action is needed to put the issue on the ballot in a special election in November 2005 so that this critical initiative can move forward in the year ahead.

Q: Isn't there already enough high-tech research in Michigan?

A: No. Michigan's manufacturing heritage has made our state a center of global research and development in the automotive sector and a variety of other industries. We must now add to these assets to develop technologies in other sectors that can create jobs for ourselves, our children, and our children's children.

Examples of Recent Technology Based Economic Development Initiatives

State / Country	How much invested?	What does it fund?	Proposed or Approved	Links
California	\$3 billion from bonds	California Institute for Regenerative Medicine	Approved	http://www.cirm.ca.gov/
Ohio	\$2.0 billion from bonds	<ul style="list-style-type: none"> - \$500 million for high-tech development - \$1.35 billion for roads, bridges, and water projects - \$150 million for clean-up 	Proposed	http://www.thirdfrontier.com/overview.asp
Pennsylvania 1	\$2 Billion life science enterprise from tobacco settlement	<ul style="list-style-type: none"> -3 life science "greenhouses" -life sci and bio-med research -Venture capital and leverage funds 	Approved	N/A
Pennsylvania 2	\$1.4 Billion economic stimulus package (New Pennsylvania) from bonds	<ul style="list-style-type: none"> -Econ. Dev./infrastructure -Venture Capital -Loan Guarantees -Tax increment Financing 	Approved	http://www.newpa.com/package.html
Wisconsin	\$750 million public and private Biotech investment; sale of blue cross/blue shield	<ul style="list-style-type: none"> -New Research facilities and health complexes - research grants -Alzheimer's imitative 	Proposed	http://www.wisgov.state.wi.us/journal_media_detail.asp?prid=832
Singapore	\$2.0 billion Fund	<ul style="list-style-type: none"> - \$600 million to invest in Life Science Start-ups - \$300 million in Biopolis, a bio-tech research park 	Approved	http://www.wired.com/wired/archive/12.08/singapore.html
Iowa	Proposed \$800 million to Iowa Values Fund and Vision Iowa	<ul style="list-style-type: none"> -Business Development -Univ. R&D -Workforce Training - Quality of life -school infrastructure 	Proposed	http://www.iowalifechanging.com/ivfboards.html
Texas	\$300 million in appropriated funds	<ul style="list-style-type: none"> Texas Emerging Technology Fund - \$150 for collaborative research between universities and private companies - \$75 million to match research grants - \$75 million to attract scientific talent 	Proposed	http://www.governor.state.tx.us/divisions/press/pressreleases/PressRelease.2005-02-11.0144/view
Washington	\$350 million	Life Science Discovery Fund	Approved	State of Washington SB 5581

Jobs for Michigan Fund Initiative: What Others Are Saying

"I applaud the Governor for creating a fund that will leverage both the brain power of our universities and the entrepreneurial energy of Michigan's private sector. We recently surveyed business people active in the state's new economy sectors and learned the overwhelming majority see Michigan's higher education institutions as key resources in the effort to reshape the state's economy. Clearly, universities are the fuel that will move Michigan's economy into the future. Initiatives like this that link higher education with emerging business sectors give universities like WMU an opportunity to use their experience to propel Michigan forward by building on new discoveries and commercialization prospects."

Dr. Judith I. Bailey
President, Western Michigan University

"As the executive director of TechTown, Detroit's only research and technology park, it has become increasingly clear that a primary obstacle for technology start-ups in our state is a lack of resources and capital necessary to stimulate their growth. The researchers and entrepreneurs who create and commercialize new technologies in Michigan have the potential to lead this state into a robust economy. Working with such entrepreneurs on a daily basis, the TechTown staff is constantly frustrated and disturbed by the difficulty in obtaining funding for the emerging companies that will lead us into a competitive position in the technology-centered global economy. I avidly support the \$2 billion bond proposal so that Michigan entrepreneurs can deliver their new technologies to the marketplace, which will subsequently generate jobs, boost tax revenue, strengthen local and state economies and revive communities."

Howard Bell,
Executive Director, TechTown

"Michigan has many of the assets vital to a high-tech economy. We have nationally recognized institutions of higher education which conduct cutting edge research. We graduate students who are both highly talented and deeply interested in entrepreneurial endeavors. We have a modest amount of venture capital that assists in the commercialization of technology by investing both financial and human capital."

"Efforts to surround both researchers and entrepreneurially minded students with an environment that both suggests and supports new company formation need to be continued and enriched. Models of success, talented individuals with the experience to create and grow new companies, a mindset to focus research in

directions that could impact Michigan's economy—these are but three examples that could be the result of the proposed Jobs for Michigan Fund. Many states in the nation are working diligently to find the right model to meld the resources of State government with that of the private sector to impact positive change. Michigan needs to make bold and intelligent moves as well."

Mary L. Campbell
General Partner, EDF Ventures

"I commend Governor Granholm for her leadership with this \$2 billion bond proposal. We have said for several years that we want Michigan to be the growth state for life sciences, alternative fuel and energies, and advanced manufacturing. We've made some progress in the last five years however this new proposal sends a clear message to companies inside and outside of Michigan that we are serious about creating the right environment for you to grow your business."

**Dr. David Canter, Senior Vice President,
Pfizer Global Research & Development Director, Ann Arbor Laboratories
Chair, Michigan Technology Tri-Corridor Steering Committee**

"I started to investigate Michigan as a location after reading about the state's determination to build a life sciences industry here. There was a publicized pledge through the Life Sciences Corridor to provide \$50 million a year toward this effort, and I thought we might qualify for some of that funding sooner or later. In 2003, after two unsuccessful attempts in the competitive process we won a \$2.3 million life sciences award to develop new technology to help the world's research scientists unlock the genetic basis of cancer and the other major diseases.

"In five years Asterand's revenues have grown dramatically from \$100,000 in its first full year to \$8.2 million in 2004. Today Asterand has 60 employees— in effect creating one new high paying, high tech job for every month of its existence. The Governor's new proposal is a breakthrough plan that can only be good news for Michigan. It would provide significant funding to help grow companies like ours. It offers technology companies a high potential for succeeding in Michigan, and with that comes the high potential for many new jobs here."

Randal Charlton
Co-Founder, Asterand, Inc.

"Governor Granholm's \$2 billion bond proposal is a very bold and necessary plan to harness two of Michigan's key strengths: intellectual capital and technological innovation. These exist not only in the auto industry—where we have more accumulated brilliance than any other single location in the world—but also in life sciences, nanotechnology and biotechnology applications, advanced materials and composites, and an array of alternative fuel and energy technologies. The plain reality is that silos no longer exist; instead our economy is an interwoven patchwork of industries with the potential to grow and create new jobs for Michigan workers."

David E. Cole
Chairman, Center for Automotive Research
Executive Board Member, Michigan Economic Development Corporation

"Only by producing research innovations that lead to the growth of new industries, and by graduating the talented young students who will work in and lead those industries, can we build an economy that will sustain us in the 21st century. The governor's plan for research investment gives us a tremendous opportunity to strengthen the partnership between state government, industry and research universities so we can out-innovate the competition."

"The citizens of our state now have the chance to make a powerful investment in Michigan's economic destiny."

Mary Sue Coleman
President, University of Michigan

"Any business that wants to survive in this economy has to be willing to invest in its future. Michigan faces the same choice—either create new opportunities for growth or watch the future pass you by. Governor Granholm's Job for Michigan Fund offers an important investment opportunity for creating a stronger, more diversified economy in Michigan."

Anthony F. Earley, Jr.
Chairman and CEO, DTE Energy

"It would have been significantly easier for Neogen if an initiative like Governor Granholm's bonding initiative had been available to help us down the pathway to success. Creating a company from scratch takes a lot of hard work, and even more and even harder work to become successful. Sometimes even this won't make a difference without a little luck, a helping hand, or just being in the right place at the right time. I can't help but wonder how many other companies like

ours might have been successful if a little extra funding had been available. The Governor's plan holds great promise for technology entrepreneurs and the people of our state. "

James Herbert
CEO and President, Neogen Corporation
Chair, Michigan Strategic Fund

"I am truly excited about Governor Granholm's \$2 billion bond initiative. I think it is a very positive direction for economic development and job creation in Michigan. The initiative leverages the strength of our universities and other research institutions and greatly expands the commercialization efforts of entrepreneurs and early stage capital providers—all to the benefit of Michigan's economic growth and diversification. This is a great opportunity for our state."

Michael J. Jandernoa
Principal, Bridge Street Capital Partners LLC
Former Chairman and CEO, Perrigo Company
Executive Board Member, Michigan Economic Development Corporation
Member, Technology Tri-Corridor Steering Committee

"I support Governor Granholm's \$2 billion bond proposal to help build next generation businesses in Michigan. As head of the Mt. Pleasant SmartZone™, I foresee that it will help Michigan attract knowledge-based businesses to Michigan."

"On a personal level, had the proposed resources been available earlier, the biomedical company that I co-founded—and the many professional and scientific jobs it is creating—might have relocated to Michigan instead of to another state where funding was obtained. Michigan needs this innovative initiative to actively compete with other states and countries for next generation businesses."

Nathan Long
CEO, Central Michigan University Research Corporation

"The Governor's proposal recognizes the critical role the state can play in building first rate infrastructure for economic growth and innovation. Investments in university facilities and other supports for innovation will pay big dividends in the years ahead and better position the state for the knowledge economy of the 21st century."

Mark Murray
President, Grand Valley State University

"The investment of dollars in new jobs and technologies, along with efforts to increase the number of college graduates in Michigan, are key factors in diversifying and growing the state's economy. Any initiative that encourages business development, more collaboration among university researchers and the private sector, and the development of technology advanced jobs—and keeps our graduates and best faculty in Michigan—is worthy of serious consideration."

Michael Rao
President, Central Michigan University

"We know that a research university—particularly one of the international caliber of Michigan State—has lots and lots of ideas, and we need to move those ideas into the marketplace more quickly. If you think about the next 25 years and the capacity to take the cutting-edge knowledge that comes out of our research universities and turn it into products and businesses, that's what's really going to be key to Michigan's economic success."

Lou Anna Kimsey Simon
President, Michigan State University

"The Jobs for Michigan Fund is an innovative shot in the arm for the state. It correctly addresses the need to attract and retain business and scientific talent, provide seed capital and encourage commercialization activities that will in the short term help create jobs and new businesses. As a relative newcomer to Michigan, I believe that this is not only the right thing to do but also critical to making the state competitive in the U.S. and global economies. I fully support the Governor and MEDC in their efforts to move it forward."

Alan I. West
CEO, Michigan Tech Enterprise Corp.

Jobs For Michigan Fund

Bond Financing Assumptions

Bond Issue

- \$950 million in tax-exempt principal at 4.5% interest rate
- \$1.050 billion in taxable principal at 5.85% interest rate
- Principal each year allocated proportionately between tax-exempt & taxable
- April 1st issue 2006-2022
- Level debt by issue
- All bond issues 30 years in length
- Debt service to begin in FY07

Disbursements

- \$950 million in grants, \$750 million in loans and \$300 million in investments
- Loan and grant allocations as follows:

	<u>Loans</u>	<u>Grants</u>
Basic Research		\$200,000,000
Pre-see Funds		\$100,000,000
Talent Attraction		\$ 50,000,000
Federal Match		\$200,000,000
Applied Research	\$250,000,000	\$340,000,000
Commercialization	\$500,000,000	
Administration		\$ 60,000,000
TOTAL	\$750,000,000	\$950,000,000

- Each year's loan and grant commitments disbursed over 3 year period with assumption that 40% of that year's total loans and grants will be distributed in year 1 and 30% in years 2 and 3.

Loan Repayments

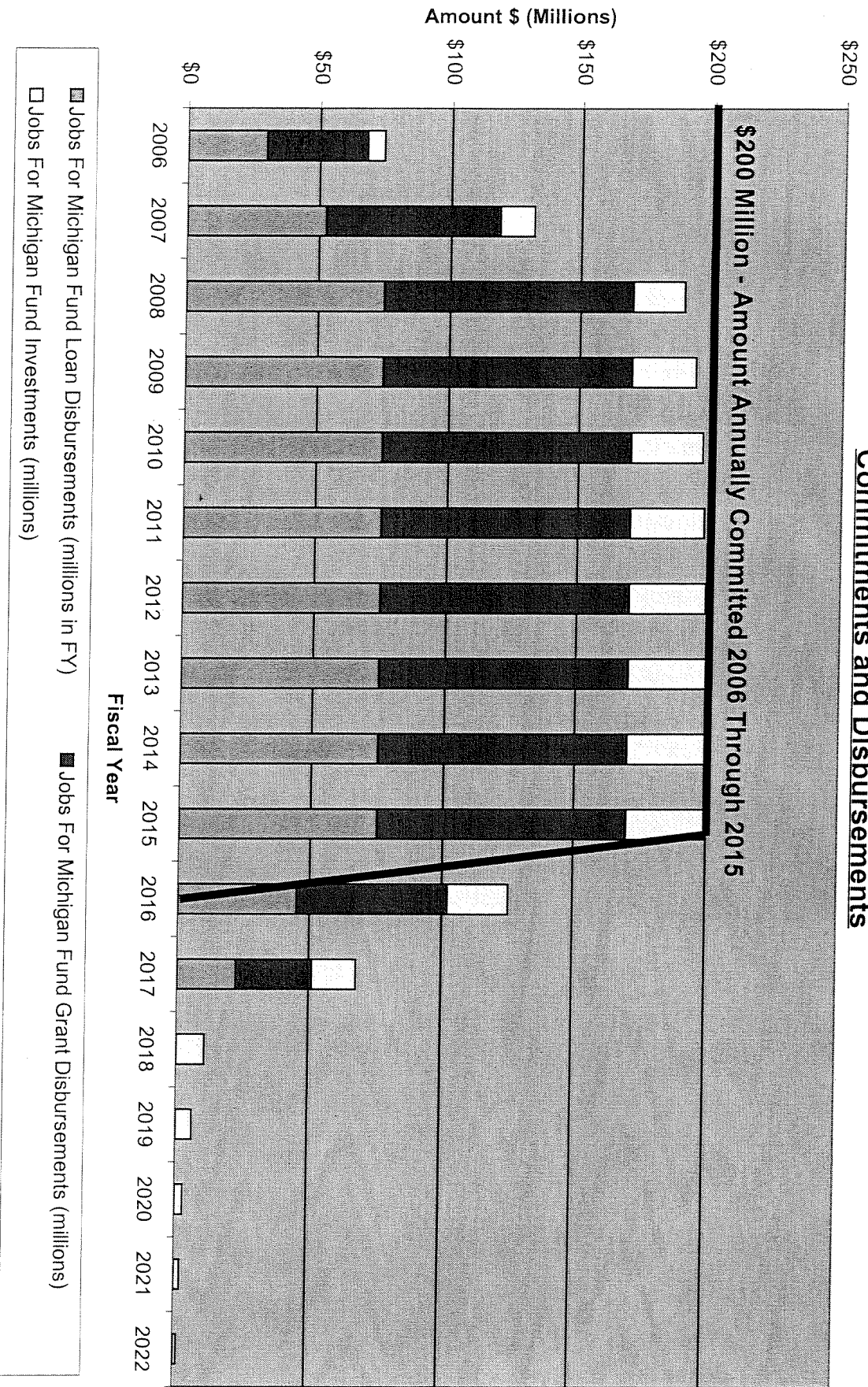
- Repayment begins in the year after issue, payback over 4 years at 7%
- Repayments are at level amount
- 10% default rate
- Existing Tri-Tech Corridor loan repayments will be deposited into repayment fund to be used to pay debt service on Jobs for Michigan bonds

Investment Returns

- Capital calls over 8 year period from year of commitment
- Distributions made over 14 year period from year of commitment
- Internal rate of return of 11%

Jobs For Michigan Fund Disbursements

Commitments and Disbursements



Jobs For Michigan Fund

Commitments and Disbursements

FY	Jobs For Michigan Fund Amount Committed in CY (millions)	Jobs For Michigan Fund Loan Disbursements (millions in FY)	Jobs For Michigan Fund Grant Disbursements (millions)	Jobs For Michigan Fund Investments (millions)	Jobs For Michigan Fund Actual Disbursements (millions)
2006	\$200.00	\$30.00	\$38.00	\$6.60	\$74.60
2007	\$200.00	\$52.50	\$66.50	\$13.20	\$132.20
2008	\$200.00	\$75.00	\$95.00	\$19.50	\$189.50
2009	\$200.00	\$75.00	\$95.00	\$24.00	\$194.00
2010	\$200.00	\$75.00	\$95.00	\$27.00	\$197.00
2011	\$200.00	\$75.00	\$95.00	\$27.90	\$197.90
2012	\$200.00	\$75.00	\$95.00	\$28.80	\$198.80
2013	\$200.00	\$75.00	\$95.00	\$30.00	\$200.00
2014	\$200.00	\$75.00	\$95.00	\$30.00	\$200.00
2015	\$200.00	\$75.00	\$95.00	\$30.00	\$200.00
2016	\$0.00	\$45.00	\$57.00	\$23.40	\$125.40
2017	\$0.00	\$22.50	\$28.50	\$16.80	\$67.80
2018	\$0.00	\$0.00	\$0.00	\$10.50	\$10.50
2019	\$0.00	\$0.00	\$0.00	\$6.00	\$6.00
2020	\$0.00	\$0.00	\$0.00	\$3.00	\$3.00
2021	\$0.00	\$0.00	\$0.00	\$2.10	\$2.10
2022	\$0.00	\$0.00	\$0.00	\$1.20	\$1.20
2023	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2024	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2025	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2026	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2027	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2028	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$2,000.00	\$750.00	\$950.00	\$300.00	\$2,000.00

Jobs For Michigan Fund

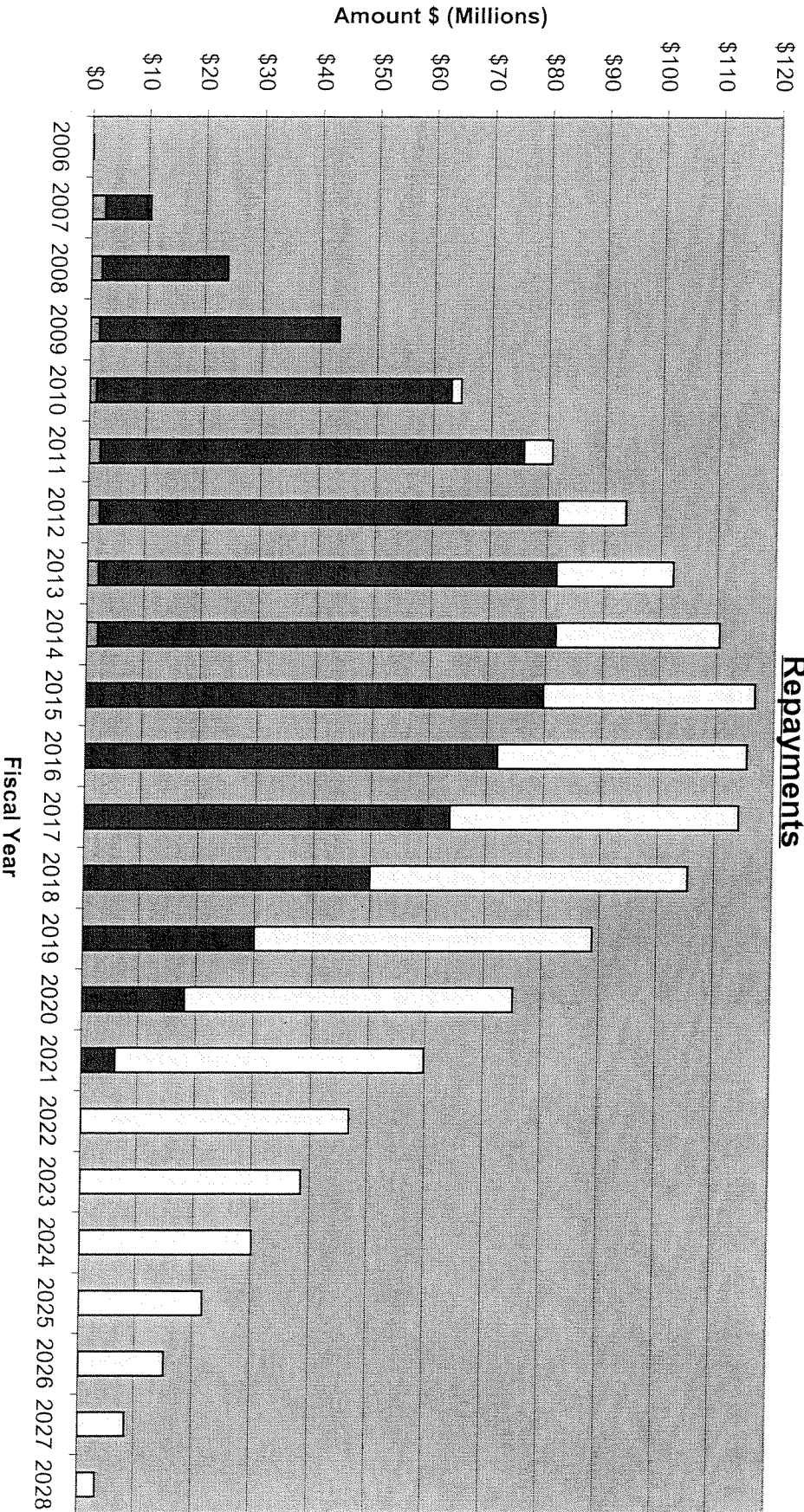
Repayments

FY	Jobs For Michigan Fund Existing Loan Repayments (FY)	Jobs For Michigan Fund Future Loan Repayments * (millions)	Jobs For Michigan Fund Future Investment Return (millions)	Jobs For Michigan Fund Total Repayments (millions)
2006	\$0.10	\$0.00	\$0.00	\$0.10
2007	\$2.40	\$7.97	\$0.00	\$10.37
2008	\$1.95	\$21.92	\$0.00	\$23.87
2009	\$1.60	\$41.84	\$0.00	\$43.44
2010	\$1.25	\$61.78	\$1.70	\$64.73
2011	\$2.00	\$73.73	\$5.00	\$80.73
2012	\$2.00	\$79.71	\$12.00	\$93.71
2013	\$2.00	\$79.71	\$20.40	\$102.11
2014	\$2.00	\$79.71	\$28.70	\$110.41
2015	\$0.00	\$79.71	\$37.10	\$116.81
2016	\$0.00	\$71.74	\$43.80	\$115.54
2017	\$0.00	\$63.77	\$50.50	\$114.27
2018	\$0.00	\$49.82	\$55.50	\$105.32
2019	\$0.00	\$29.89	\$58.80	\$88.69
2020	\$0.00	\$17.93	\$57.10	\$75.03
2021	\$0.00	\$5.98	\$53.80	\$59.78
2022	\$0.00	\$0.00	\$46.80	\$46.80
2023	\$0.00	\$0.00	\$38.40	\$38.40
2024	\$0.00	\$0.00	\$30.10	\$30.10
2025	\$0.00	\$0.00	\$21.70	\$21.70
2026	\$0.00	\$0.00	\$15.00	\$15.00
2027	\$0.00	\$0.00	\$8.40	\$8.40
2028	\$0.00	\$0.00	\$3.30	\$3.30
Total	\$15.30	\$765.23	\$588.10	\$1,368.64

* Note: Future Loan Repayments: 7% with 4 year amortization & 10% Default Rate.

Jobs For Michigan Fund

Repayments



- ☐ Jobs For Michigan Fund Future Investment Return (millions)
- ☐ Jobs For Michigan Fund Future Loan Repayments (7% with 4 year amortization & 10% Default Rate)
- ☐ Jobs For Michigan Fund Existing Loan Repayments (FY)

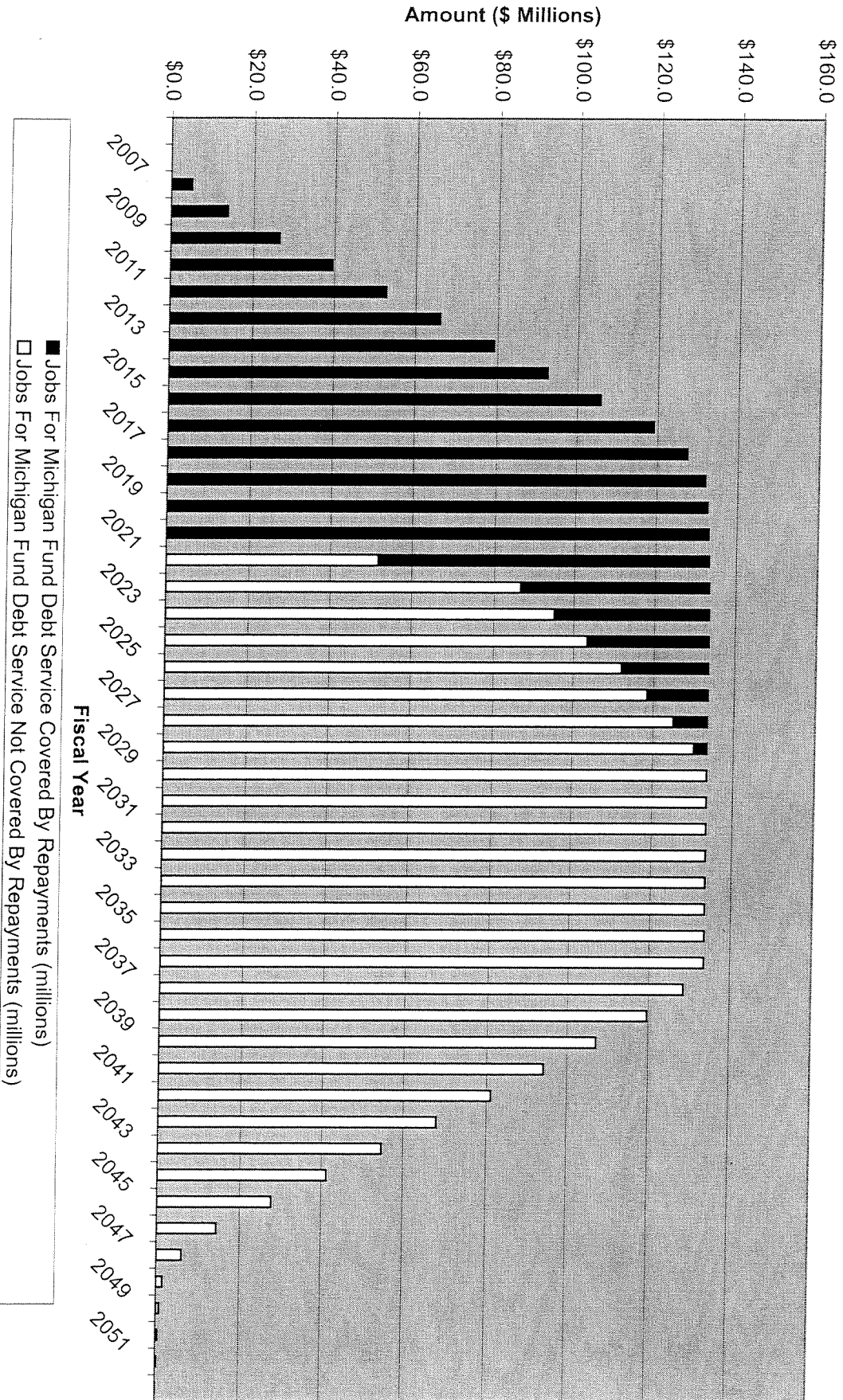
Jobs For Michigan Fund

Repayments

EY	Total Debt Service (millions)	Jobs For Michigan Fund Total Repayments (millions)	Carryforward Debt Payment Fund Balance (millions)	Debt Service Net of Repayments (millions)
2006	\$0.00	\$0.10	\$0.10	\$0.00
2007	\$4.98	\$10.37	\$5.50	\$0.00
2008	\$13.79	\$23.87	\$15.58	\$0.00
2009	\$26.43	\$43.44	\$32.59	\$0.00
2010	\$39.38	\$64.73	\$57.95	\$0.00
2011	\$52.52	\$80.73	\$86.16	\$0.00
2012	\$65.70	\$93.71	\$114.17	\$0.00
2013	\$78.96	\$102.11	\$137.32	\$0.00
2014	\$92.30	\$110.41	\$155.43	\$0.00
2015	\$105.64	\$116.81	\$166.60	\$0.00
2016	\$118.98	\$115.54	\$163.17	\$0.00
2017	\$127.35	\$114.27	\$150.09	\$0.00
2018	\$131.86	\$105.32	\$123.56	\$0.00
2019	\$132.54	\$88.69	\$79.71	\$0.00
2020	\$132.95	\$75.03	\$21.79	\$0.00
2021	\$133.15	\$59.78	\$0.00	\$51.59
2022	\$133.30	\$46.80	\$0.00	\$86.50
2023	\$133.39	\$38.40	\$0.00	\$94.99
2024	\$133.38	\$30.10	\$0.00	\$103.28
2025	\$133.40	\$21.70	\$0.00	\$111.70
2026	\$133.39	\$15.00	\$0.00	\$118.39
2027	\$133.37	\$8.40	\$0.00	\$124.97
2028	\$133.37	\$3.30	\$0.00	\$130.07
2029	\$133.38	\$0.00	\$0.00	\$133.38
2030	\$133.39	\$0.00	\$0.00	\$133.39
2031	\$133.39	\$0.00	\$0.00	\$133.39
2032	\$133.39	\$0.00	\$0.00	\$133.39
2033	\$133.39	\$0.00	\$0.00	\$133.39
2034	\$133.40	\$0.00	\$0.00	\$133.40
2035	\$133.38	\$0.00	\$0.00	\$133.38
2036	\$133.38	\$0.00	\$0.00	\$133.38
2037	\$128.41	\$0.00	\$0.00	\$128.41
2038	\$119.60	\$0.00	\$0.00	\$119.60
2039	\$106.96	\$0.00	\$0.00	\$106.96
2040	\$94.00	\$0.00	\$0.00	\$94.00
2041	\$80.88	\$0.00	\$0.00	\$80.88
2042	\$67.69	\$0.00	\$0.00	\$67.69
2043	\$54.41	\$0.00	\$0.00	\$54.41
2044	\$41.08	\$0.00	\$0.00	\$41.08
2045	\$27.74	\$0.00	\$0.00	\$27.74
2046	\$14.40	\$0.00	\$0.00	\$14.40
2047	\$6.04	\$0.00	\$0.00	\$6.04
2048	\$1.52	\$0.00	\$0.00	\$1.52
2049	\$0.82	\$0.00	\$0.00	\$0.82
2050	\$0.42	\$0.00	\$0.00	\$0.42
2051	\$0.22	\$0.00	\$0.00	\$0.22
2052	\$0.08	\$0.00	\$0.00	\$0.08
Total	\$4,001.48	\$1,368.64	\$1,309.72	\$2,632.84

Jobs For Michigan Fund

Gross Debt Service



Jobs For Michigan Fund

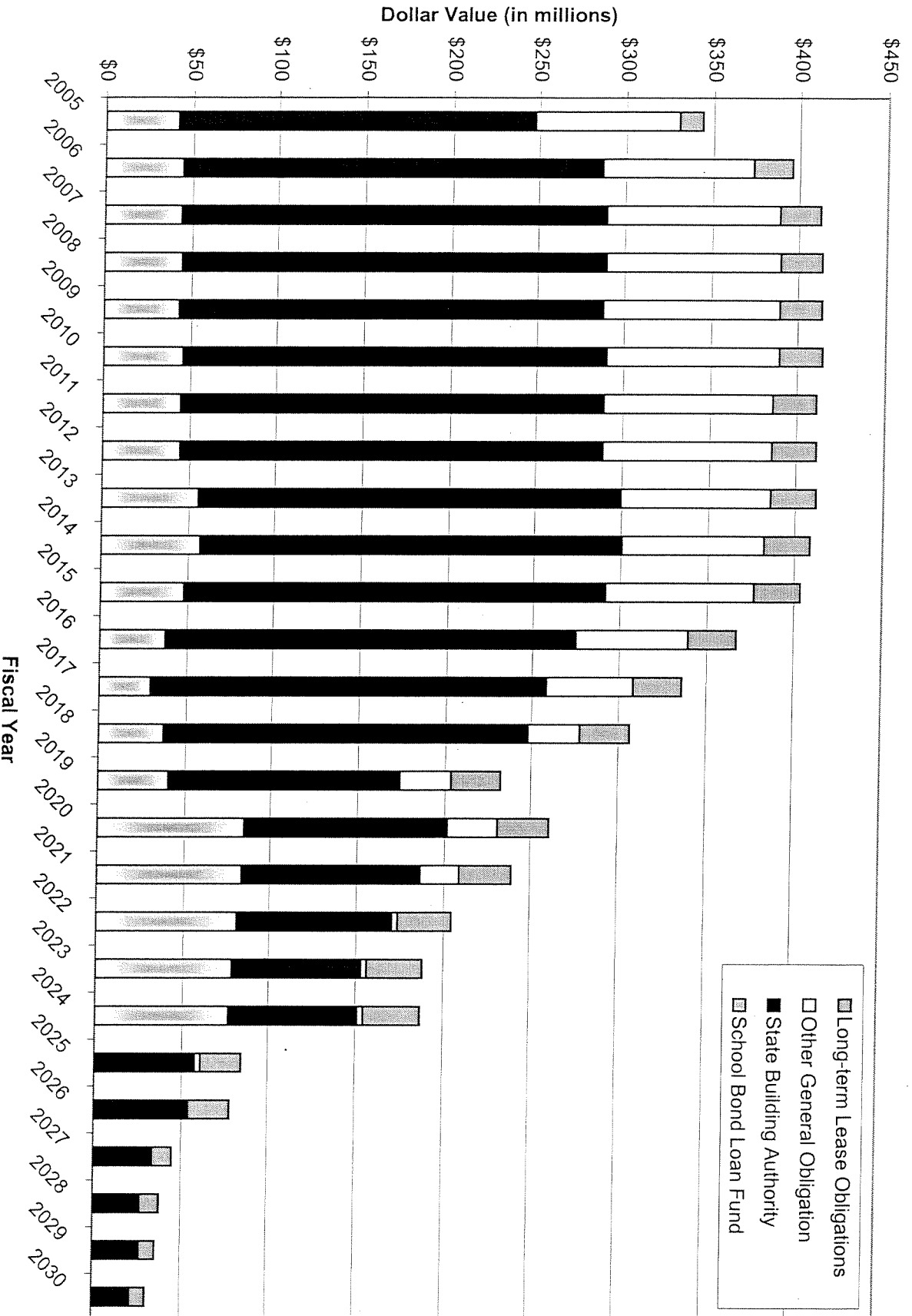
Debt Service

Fiscal Year	Jobs For Michigan Fund Principal	Jobs For Michigan Fund Interest	Jobs For Michigan Fund Total Repayments	Jobs For Michigan Fund Debt Service Net of Return	Reduction in Existing General Fund Supported Debt Service from 2006 FY Levels
2006	\$0.00	\$0.00	\$98,661.00	\$0.00	\$0.00
2007	\$1,090,000.00	\$3,885,727.50	\$10,373,870.00	\$0.00	\$0.00
2008	\$3,075,000.00	\$10,715,760.00	\$23,873,924.00	\$0.00	\$0.00
2009	\$6,000,000.00	\$20,428,560.00	\$43,439,536.00	\$0.00	\$0.00
2010	\$9,150,000.00	\$30,225,532.50	\$64,731,124.00	\$0.00	\$0.00
2011	\$12,500,000.00	\$40,016,835.00	\$80,731,690.00	\$0.00	\$0.00
2012	\$16,020,000.00	\$49,682,767.50	\$93,711,920.00	\$0.00	\$0.00
2013	\$19,745,000.00	\$59,214,397.50	\$102,111,920.00	\$0.00	\$0.00
2014	\$23,685,000.00	\$68,616,607.50	\$110,411,920.00	\$0.00	\$0.00
2015	\$27,825,000.00	\$77,815,665.00	\$116,811,920.00	\$0.00	\$0.00
2016	\$32,180,000.00	\$86,801,085.00	\$115,542,420.00	\$0.00	\$29,357,041.11
2017	\$35,670,000.00	\$91,675,777.50	\$114,270,985.00	\$0.00	\$60,185,271.84
2018	\$38,490,000.00	\$93,369,420.00	\$105,324,540.00	\$0.00	\$89,879,965.13
2019	\$40,605,000.00	\$91,931,805.00	\$88,689,495.00	\$0.00	\$163,497,060.12
2020	\$42,805,000.00	\$90,148,995.00	\$75,032,275.00	\$0.00	\$135,323,082.13
2021	\$45,060,000.00	\$88,094,587.50	\$59,780,230.00	\$51,587,092.50	\$156,726,217.75
2022	\$47,430,000.00	\$85,874,917.50	\$46,800,000.00	\$86,504,917.50	\$191,543,706.23
2023	\$49,910,000.00	\$83,483,865.00	\$38,400,000.00	\$94,993,865.00	\$208,075,957.69
2024	\$52,485,000.00	\$80,899,740.00	\$30,100,000.00	\$103,284,740.00	\$209,221,303.00
2025	\$55,215,000.00	\$78,180,030.00	\$21,700,000.00	\$111,695,030.00	\$311,242,660.06
2026	\$58,075,000.00	\$75,316,612.50	\$15,000,000.00	\$118,391,612.50	\$317,832,266.94
2027	\$61,065,000.00	\$72,302,287.50	\$8,400,000.00	\$124,967,287.50	\$351,101,867.38
2028	\$64,235,000.00	\$69,130,057.50	\$3,300,000.00	\$130,065,057.50	\$357,969,962.38
2029	\$67,585,000.00	\$65,790,405.00	\$0.00	\$133,375,405.00	\$360,148,146.38
2030	\$71,120,000.00	\$62,273,745.00	\$0.00	\$133,393,745.00	\$365,270,396.38
2031	\$74,820,000.00	\$58,570,132.50	\$0.00	\$133,390,132.50	\$395,867,021.38
2032	\$78,715,000.00	\$54,670,522.50	\$0.00	\$133,385,522.50	\$395,867,021.38
2033	\$82,825,000.00	\$50,564,587.50	\$0.00	\$133,389,587.50	\$395,867,021.38
2034	\$87,155,000.00	\$46,240,627.50	\$0.00	\$133,395,627.50	\$395,867,021.38
2035	\$91,695,000.00	\$41,686,852.50	\$0.00	\$133,381,852.50	\$395,867,021.38
2036	\$96,485,000.00	\$36,891,855.00	\$0.00	\$133,376,855.00	\$395,867,021.38
2037	\$96,565,000.00	\$31,842,225.00	\$0.00	\$128,407,225.00	\$395,867,021.38
2038	\$92,815,000.00	\$26,785,282.50	\$0.00	\$119,600,282.50	\$395,867,021.38
2039	\$85,035,000.00	\$21,922,537.50	\$0.00	\$106,957,537.50	\$395,867,021.38
2040	\$76,535,000.00	\$17,465,715.00	\$0.00	\$94,000,715.00	\$395,867,021.38
2041	\$67,425,000.00	\$13,452,952.50	\$0.00	\$80,877,952.50	\$395,867,021.38
2042	\$57,775,000.00	\$9,916,560.00	\$0.00	\$67,691,560.00	\$395,867,021.38
2043	\$47,525,000.00	\$6,885,225.00	\$0.00	\$54,410,225.00	\$395,867,021.38
2044	\$36,690,000.00	\$4,390,807.50	\$0.00	\$41,080,807.50	\$395,867,021.38
2045	\$25,275,000.00	\$2,464,492.50	\$0.00	\$27,739,492.50	\$395,867,021.38
2046	\$13,260,000.00	\$1,136,970.00	\$0.00	\$14,396,970.00	\$395,867,021.38
2047	\$5,600,000.00	\$440,437.50	\$0.00	\$6,040,437.50	\$395,867,021.38
2048	\$1,375,000.00	\$146,250.00	\$0.00	\$1,521,250.00	\$395,867,021.38
2049	\$745,000.00	\$74,047.50	\$0.00	\$819,047.50	\$395,867,021.38
2050	\$385,000.00	\$34,920.00	\$0.00	\$419,920.00	\$395,867,021.38
2051	\$205,000.00	\$14,692.50	\$0.00	\$219,692.50	\$395,867,021.38
2052	\$75,000.00	\$3,915.00	\$0.00	\$78,915.00	\$395,867,021.38
Total	\$2,000,000,000.00	\$2,001,476,790.00	\$1,368,636,430.00	\$2,632,840,360.00	

Note: \$950 million (Principal Tax-Exempt)
\$1.050 million (Principal Taxable)

Jobs for Michigan Fund

Existing General Fund Supported Debt Service by Purpose



Jobs For Michigan Fund

Existing General Fund Debt Schedule

<u>Year</u>	<u>Long-term Leases Obligations</u>	<u>Other General Obligations</u>	<u>State Building Authority</u>	<u>School Bond Loan Fund</u>
2005	\$13.59	\$82.54	\$205.98	\$41.54
2006	\$22.84	\$86.58	\$242.09	\$44.36
2007	\$23.30	\$99.76	\$245.34	\$43.77
2008	\$23.78	\$100.33	\$244.98	\$44.27
2009	\$24.27	\$101.67	\$244.66	\$42.98
2010	\$24.69	\$99.46	\$244.52	\$45.36
2011	\$25.13	\$97.19	\$244.25	\$44.44
2012	\$25.59	\$97.32	\$244.05	\$44.35
2013	\$26.06	\$86.29	\$243.81	\$55.44
2014	\$26.54	\$81.79	\$243.56	\$56.65
2015	\$27.04	\$85.23	\$243.33	\$47.83
2016	\$27.56	\$64.55	\$236.79	\$37.61
2017	\$28.09	\$49.63	\$228.36	\$29.61
2018	\$28.64	\$29.57	\$210.44	\$37.34
2019	\$29.21	\$29.57	\$133.32	\$40.28
2020	\$29.79	\$29.58	\$116.50	\$84.68
2021	\$30.39	\$22.84	\$102.34	\$83.57
2022	\$31.02	\$3.39	\$88.81	\$81.11
2023	\$31.66	\$3.38	\$74.10	\$78.65
2024	\$32.33	\$3.39	\$74.05	\$76.89
2025	\$23.78	\$3.39	\$57.46	\$0.00
2026	\$24.16	\$0.00	\$53.87	\$0.00
2027	\$10.95	\$0.00	\$33.82	\$0.00
2028	\$10.95	\$0.00	\$26.95	\$0.00
2029	\$8.80	\$0.00	\$26.92	\$0.00
2030	\$8.80	\$0.00	\$21.80	\$0.00
2031	\$0.00	\$0.00	\$0.00	\$0.00
2032	\$0.00	\$0.00	\$0.00	\$0.00
2033	\$0.00	\$0.00	\$0.00	\$0.00
2034	\$0.00	\$0.00	\$0.00	\$0.00
2035	\$0.00	\$0.00	\$0.00	\$0.00
2036	\$0.00	\$0.00	\$0.00	\$0.00
2037	\$0.00	\$0.00	\$0.00	\$0.00
2038	\$0.00	\$0.00	\$0.00	\$0.00
2039	\$0.00	\$0.00	\$0.00	\$0.00
2040	\$0.00	\$0.00	\$0.00	\$0.00
2041	\$0.00	\$0.00	\$0.00	\$0.00
2042	\$0.00	\$0.00	\$0.00	\$0.00
2043	\$0.00	\$0.00	\$0.00	\$0.00